

EFCU FINANCIAL

2024 ANNUAL REPORT

CELEBRATING

90
Years
1934 · 2024

MESSAGE TO MEMBERS

This year has been truly remarkable, thanks to the collective efforts of our members, team, and community. Together, with our unique backgrounds, diverse talents, and shared perspectives, we achieved incredible milestones that defined EFCU Financial's success in 2024.

More than 9,400 new members joined EFCU Financial in 2024, a testament to the difference our credit union makes in the lives of those we serve. Callahan & Associates, an independent consulting firm in Washington, D.C., measures the relational success of credit unions nationwide through its Return of the Member (ROM) Index. This index evaluates return to savers, return to borrowers, and member service. For more than four years, EFCU Financial has proudly ranked number one in Louisiana and continues to stand among the best in the United States.

Our members' trust in us was evident in 2024, with deposits growing by over \$120 million. This significant share growth helped EFCU Financial surpass \$1.1 billion in assets. We also empowered members by financing over \$234 million in auto loans, enabling them to purchase new or used vehicles, and made homeownership a reality for many, funding more than \$106 million in mortgage loans. In total, we positively impacted the community by originating over \$400 million in new loans and our credit union now has over \$1 billion of loans in our portfolio.

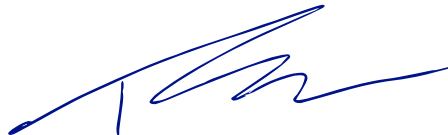
Our commitment to delivering financial products and services that make a real difference remains steadfast. By focusing on accessibility, transparency, and affordability, we continue to be a trusted partner for those who need us most. From innovative products like our new account opening process to market-leading certificate of deposit rates and access to over 33,000 fee-free ATMs nationwide, EFCU Financial is always looking for ways to better serve our members and to improve lives in the communities we call home.

We also recognize the importance of how we treat our team members. We believe that the better we treat them, the better level of service they will provide to our members. In 2024 we were named as a Best Places to Work in Baton Rouge and for the second year in a row, were recognized by Gallagher, a nation-leading benefits provider, for the benefits that we provide to our team.

As we look ahead to 2025, we are excited for the opportunities to grow and achieve even greater successes that benefit our members, our team, and the greater Baton Rouge community. Thank you for your continued loyalty and support. We look forward to welcoming you to one of our locations soon.



Darrell Langlois
Chair, Board of Directors



Tom Kuslikis
Chief Executive Officer

TREASURER'S REPORT

EFCU Financial has continued to achieve strong financial performance and generate significant member value while dealing with a backdrop interest rate uncertainty and rising economic concerns. We have continued to do our best to manage the credit union's finances, while continuing to serve our membership and moving our cooperative forward. We continue to serve you with more digital solutions, fast access to electronic deposits, low-rate borrowing options, and unwavering dedication to serving members' needs. We were also very excited to move into our new headquarters & operations center, marking a new chapter in our more than 90-year history.

We added 9,446 new members in 2024 and total assets grew 14%. We continue to look for more growth in the future, as we have proven that we are able to offer financial products and services that make a positive difference in our members' lives.

During 2024, we focused on working with our members to identify financial needs and opportunities to better our members' financial condition with our competitive loan products and our rates. Total loans to members increased over \$105 million, a 12% increase over last year. Our loan-to-share ratio was 100%, meaning that for every dollar in deposits members brought to the credit union, we loaned out a dollar. Lending to our members has always been our best investment and will continue to be as we look forward to the coming years.

Our Member Solutions Department team continued to work closely with our members to help them through normal financial challenges. We also offered loan extensions and modifications for members who were financially impacted by job instability, personal tragedies, and changes in the overall economy. During the 2024 holiday season (November and December), we ran our Skip-A-Pay Program to offer members loan payment flexibility for a small fee. We were able to grant this flexibility to 3,621 member loans.

Operating expense management continues to be a key focus, as we continuously evaluate our key vendor relationships and work to maximize the credit union's benefit from these relationships. For 2024, our total operating expenses (not including provision for credit loss expense) were 14% higher than 2023. Most of our operating expense increase was from offering new products and services to our members, continued growth in the number of members, and general inflation.

Although we are not a profit-driven organization, generating a positive bottom line is crucial to the sustainability of any business, including ours, as income is the only reliable way credit unions are able to increase net worth as they continue to grow. EFCU Financial ended the year with a net income of \$9.7 million and a strong net worth ratio of 9.33%. To put this in perspective, to be considered "well capitalized" by the National Credit Union Administration (NCUA), credit unions must have at least a 7% net worth ratio. We are pleased to report that we exceeded the NCUA's "well capitalized" definition by 233 basis points! What this means to you, our members, is your credit union is financially strong and secure today and also for the future.



David Dartez
Secretary/Treasurer



Rick Myers
Chief Financial Officer

STATEMENTS OF FINANCIAL CONDITION

ASSETS	2024	2023
Cash and cash equivalents	\$ 105,907,284	\$ 76,932,009
Interest-bearing time deposits in other financial institutions	100,000	100,000
Investment securities available-for-sale	244,942	369,839
Loans receivable, net of allowance for loan losses	1,014,348,801	909,377,490
Accrued interest receivable	4,355,845	3,593,993
National Credit Union Share Insurance Fund deposit	8,315,000	7,623,047
National Credit Union - CLF stock - at cost	2,401,269	2,061,073
Federal Home Loan Bank stock - at cost	2,553,800	2,410,900
Investment in credit union service organizations (CUSOs)	140,157	363,343
Premises and equipment - net	18,538,794	12,699,142
Assets held for sale	2,170,866	210,888
Prepaid pension plan benefit cost	3,551,798	3,202,635
Other assets	3,680,184	2,055,034
Total assets	<u>\$ 1,166,308,740</u>	<u>\$ 1,020,999,393</u>
 LIABILITIES		
Members' shares	\$ 1,013,679,742	\$ 885,510,795
Notes payable	40,000,000	30,000,000
Subordinated Debt	14,833,445	14,768,591
Accrued expenses and other liabilities	<u>4,825,429</u>	<u>7,702,747</u>
Total liabilities	<u>1,073,338,616</u>	<u>937,982,133</u>
 COMMITMENTS AND CONTINGENCIES		
	-	-
 MEMBERS' EQUITY, SUBSTANTIALLY RESTRICTED		
Regular reserve	-	-
Undivided earnings	93,820,487	84,110,497
Accumulated other comprehensive loss	<u>(850,363)</u>	<u>(1,093,237)</u>
Total members' equity	<u>92,970,124</u>	<u>83,017,260</u>
Total liabilities and members' equity	<u>\$ 1,166,308,740</u>	<u>\$ 1,020,999,393</u>

STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	2024	2023
INTEREST INCOME		
Loans receivable	\$54,477,759	\$40,583,281
Investment securities, interest-bearing deposits in other institutions and other investments	<u>3,867,937</u>	<u>3,144,661</u>
Total interest income	<u>58,345,696</u>	<u>43,727,942</u>
INTEREST EXPENSE		
Members' share and savings accounts	30,175,954	19,483,220
Notes payable	<u>2,367,596</u>	<u>1,508,822</u>
Total interest expense	<u>32,543,550</u>	<u>20,992,042</u>
NET INTEREST INCOME	25,802,146	23,243,355
PROVISION FOR LOAN LOSSES	<u>2,993,958</u>	<u>1,481,421</u>
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	<u>22,808,188</u>	<u>21,254,479</u>
NON-INTEREST INCOME		
NSF fees, late charges, and other fees	3,769,852	3,132,833
Interchange income	4,667,918	4,670,473
Gain on disposition of assets - net	(36,047)	(14,860)
Other non-interest income	<u>3,825,466</u>	<u>3,555,600</u>
Total non-interest income	<u>12,227,189</u>	<u>11,344,046</u>
NON-INTEREST EXPENSE		
Compensation and benefits	12,413,576	11,131,832
Office occupancy and operations	3,995,457	3,470,940
Professional and outside services	881,712	813,406
Servicing expenses	6,522,075	5,683,126
Other non-interest expense	<u>1,512,567</u>	<u>1,052,650</u>
Total non-interest expenses	<u>25,325,387</u>	<u>22,151,954</u>
NET INCOME	<u>9,709,990</u>	<u>10,446,571</u>
OTHER COMPREHENSIVE INCOME (LOSS)		
Amortization of net pension loss	73,050	85,070
Net pension gain (loss)	165,877	61,558
Unrealized net holding gain (loss), arising during the period	<u>3,947</u>	<u>13,942</u>
Total Other Comprehensive Income (loss)	<u>242,874</u>	<u>160,570</u>
COMPREHENSIVE INCOME	<u>\$9,952,864</u>	<u>\$10,607,141</u>

SUPERVISORY COMMITTEE REPORT

On behalf of the Supervisory Committee, we are pleased to share that EFCU Financial has successfully completed its annual financial statement audit, resulting in an unmodified opinion. This opinion confirms that our financial statements are presented fairly, in all material respects, and in accordance with generally accepted accounting principles (GAAP). This accomplishment is a testament to the dedication of our leadership, team members, and volunteers in ensuring the financial health and integrity of our credit union.

The role of the Supervisory Committee is to independently evaluate the soundness of EFCU Financial's operations and activities. We ensure that the leadership team implements effective internal controls, maintains compliance with regulations, and upholds policies that protect the assets of our members. Through regular Supervisory Committee meetings, board meetings, and oversight of the Internal Audit function, the Committee works diligently to safeguard the credit union and maintain the trust of our membership.

As we prepare for the annual National Credit Union Administration (NCUA) examination, we remain committed to maintaining the highest standards of financial oversight and operational excellence. We would like to extend our sincere appreciation to our audit team for their professionalism, diligence, and commitment to ensuring a thorough and successful audit process. Their efforts play a vital role in upholding the integrity of our financial reporting and operational soundness.

Thank you for your trust in EFCU Financial. We look forward to another year of serving our members, team members, and community.

In your service,

A handwritten signature in blue ink, appearing to read 'Slava Sotnikov', written in a cursive style.

Slava Sotnikov, Supervisory Committee Chair
David Dartez

Board and Senior Leadership

Board Of Directors

Darrell Langlois, Board Chair
Celeste François, First Vice Chair
Doug Vickers, Second Vice Chair
David Dartez, Secretary/Treasurer
Neal Chollette
Joyce Dunn
Neal Elkins
Jack Haynes
Jim Phillips

Associate Directors

Dr. James Hargrove

Supervisory Committee

Slava Sotnikov, Chair
David Dartez
Brandi Barze
Dr. Blaine Thomas

Credit Review Committee

Joyce Dunn, Chair
Jack Haynes
Adam Brice

Senior Leadership

Tom Kuslikis, Chief Executive Officer
Rick Myers, Chief Financial Officer
Emily Shelton, Chief Operating Officer
Billy McDonald, Chief Information Officer
Karon Musemeche, Chief Marketing Officer
Mimi Singer Lee, Chief People Officer
Adam Brice, Chief Lending Officer
Anteja Black Becton, Chief Audit Executive